

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2177 - HB 2484

February 7, 2016

SUMMARY OF BILL: Enacts the *Tennessee Brownfield Redevelopment Tax Credit Act of 2016*, which provides a franchise and excise (F&E) tax credit of \$4,500 for each qualifying job created, to any qualified business located on a brownfield site that creates a minimum of 10 full-time jobs. Defines a “brownfield site” as property containing at least 2.5 acres that is currently, or at any time since January 1, 2000, been the subject of an investigation or remediation as a brownfield project under a voluntary agreement or consent order, pursuant to Tenn. Code Ann. § 68-212-224.

Defines a “full-time job” as a permanent employment position providing employment for at least 12 consecutive months, to a person for at least 37.5 hours per week.

Authorizes the Commissioner of the Department of Revenue (DOR) to conduct audits, require additional information from qualified businesses seeking the tax credit, and to determine taxpayer compliance with all statutory requirements for the tax credit. Subjects any taxpayer that fails to comply with such requirements to an assessment equal to the amount of any credit granted, plus interest.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – Exceeds \$3,195,000/FY17-18 and Subsequent Years

Assumptions:

- There are approximately 225 brownfield sites that are currently subject of an investigation or remediation as a brownfield project under a voluntary agreement or consent order.
- In addition, it is estimated that there are at least 500 more such sites that have been under such investigation or remediation since January 1, 2000.
- Total number of brownfield sites is estimated to be 725 (225 + 500).
- Sixty-five percent of such sites, or 471 sites (725 x 65%), are assumed to be at least 2.5 acres and would thus be considered a qualified site.
- A minimum of 15 percent of qualifying sites, or at least 71 sites (471 x 15%), will be sites where qualified businesses create a minimum of 10 qualifying jobs, thus qualifying such businesses for the F&E tax credit created pursuant to this Act.

- The recurring decrease in state revenue is estimated to exceed \$3,195,000 (minimum 71 sites x minimum 10 jobs x \$4,500 tax credit).
- The DOR indicates that, due to the requirements of the Act, the first year impacted by this bill will be FY17-18.
- The DOR will accomplish the requirements of the bill and ensure compliance with the Act utilizing existing resources. Any increase in departmental expenditures will be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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